

BUSINESS MEETING
STATE OF CALIFORNIA
ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

CALIFORNIA ENERGY COMMISSION
1516 NINTH STREET
HEARING ROOM A, FIRST FLOOR
SACRAMENTO, CALIFORNIA

WEDNESDAY, JANUARY 14, 2004

10:00 A.M.

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PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

APPEARANCES

COMMISSIONERS

William J. Keese, Chairperson

James Boyd

John L. Geesman

Arthur Rosenfeld

STAFF

Bob Therkelsen, Executive Director

William Chamberlain, General Counsel

Paul Kramer

Betty McCann, Secretariat

Bradley Meister

Elizabeth Shirakh

Ram Verma

Major Williams

PUBLIC ADVISER

Margret Kim

ALSO PRESENT

Michael Argentine, Calpine

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PROCEEDINGS

CHAIRPERSON KEESE: Call this meeting of the Energy Commission to order.

Commissioner Boyd, would you lead us in the pledge please.

(Thereupon the Pledge of Allegiance was Recited in unison.)

CHAIRPERSON KEESE: Thank you. And before we start our agenda for today, we'd like to take one moment.

Mr. Haussler, would you step forward there.

Let me just mention that Bob started out at Fish & Game and then he went to Parks & Rec. He's been with the Energy Commission since July of '76, working diligently in the Environmental and Signing offices.

Bob in his illustrious career survived a helicopter crash in the line of duty.

We have a little resolution here. Let me read one paragraph.

"Whereas, Bob now intends to leave the stormy waters of the Energy Commission with his wife Nancy to sail the more placid seven seas and far corners of the globe in their ship, The Swan, we commend him on his service to the Energy Commission."

So, Bob, I'll present this to you. Would you let us know when The Swan sails?

1 MR. HAUSSLER: I will do that.

2 COMMISSIONER BOYD: Do you need any crew?

3 (Laughter.)

4 CHAIRPERSON KEESE: What is the plan?

5 MR. HAUSSLER: Well, certainly our intent is to
6 keep in touch. You know, I've been surrounded by talented
7 people that became fast friends. And I appreciate being
8 recognized by people as accomplished as you are.

9 We have a plan. We're going to go do something
10 different. And we do plan to sail sometime later this
11 year. And we're going to join some work down in the
12 southern hemisphere with the Wycliffe Bible Translators.
13 And so we hope to send word back and also invitations.
14 First assignment will be in the Solomon Islands.

15 CHAIRPERSON KEESE: Thank you.

16 MR. HAUSSLER: We'll look forward to staying in
17 touch.

18 CHAIRPERSON KEESE: And we shouldn't look forward
19 to post cards coming on a regular basis then?

20 MR. HAUSSLER: Well, we intend to have E-mail.

21 (Laughter.)

22 COMMISSIONER BOYD: He has E-mail on his boat.

23 CHAIRPERSON KEESE: Well, I present you with this
24 formal resolution by the Energy Commission. Thank you for
25 your service.

1 (Applause.)

2 CHAIRPERSON KEESE: Consent calendar. I'd like a
3 motion now.

4 COMMISSIONER GEESMAN: So moved.

5 CHAIRPERSON KEESE: Motion, Geesman.

6 COMMISSIONER BOYD: Second.

7 CHAIRPERSON KEESE: Second, Commissioner Boyd.

8 Its adoption is contingent on a pending exemption
9 request from the Governor's office for exemption from
10 Executive Order No. 4.

11 All in favor?

12 (Ayes.)

13 CHAIRPERSON KEESE: Opposed?

14 Adopted four to nothing.

15 Item 2, San Joaquin Valley Energy Center.

16 Possible adoption of the Presiding Member's proposed
17 decision recommending certification of the proposed 1100
18 megawatt San Joaquin Valley Energy Center located in the
19 City of San Joaquin in Fresno County.

20 Major Williams.

21 MR. WILLIAMS: Thank you, Mr. Chairman. Good
22 morning. Happy New Year, Mr. Chairman and commissions.
23 I'm Major Williams, Jr., the hearing officer for the San
24 Joaquin Valley Energy Center Project.

25 The Committee in this matter, Commissioners

1 Rosenfeld and Geesman, I believe, has reached a proper
2 result in this case to site the facility with appropriate
3 conditions. Accordingly except for the non-substantive
4 changes set forth in the Committee's Errata dated January
5 2nd, 2004, the Presiding Member's proposed decision in
6 this matter is fully supported by the record.

7 I have a few prepared remarks on the facility,
8 Mr. Chairman, if you --

9 CHAIRPERSON KEESE: Thank you. Let's...

10 MR. WILLIAMS: A Calpine project proposed for
11 Fresno County. The San Joaquin Valley Energy Center is a
12 proposed 1,060 megawatt combined cycle facility comprised
13 of three combustion turbines, three large duct burners,
14 and one steam turbine and supporting equipment. The plant
15 is to be located on an 85-acre site controlled by
16 applicant in an industrial area on the southeastern edge
17 of the City of San Joaquin.

18 San Joaquin is approximately a 30-minute drive
19 from the City of Fresno to the east of Interstate 5 to the
20 west. The plant site would occupy approximately 25 acres
21 near the southeast corner of the triangular parcel, with
22 the remainder available for lease as agricultural land.

23 Rezoning is not required to permit the project.
24 Land use at and around the site is primarily agricultural.

25 The proposed facility will use approximately

1 7,000 acre-feet per year of recycled water for cooling and
2 processes to be supplied by the Fresno-Clovis Waste Water
3 Treatment Facility approximately 20 miles to the
4 northeast. And underground pipelines through agricultural
5 lands will transport water to the site.

6 Applicant will then employ zero liquid discharge
7 system wherein the facility's waste water would be
8 directed to a brine crystallized dry system, evaporating
9 the majority of the waste water, leaving a relatively dry
10 salt cake suitable for landfill disposal.

11 The City of San Joaquin's municipal system will
12 supply domestic water for drinking, sinks, showers, et
13 cetera, via an approximately one-mile long pipeline.

14 San Joaquin sewer system will accept a return
15 waste water for the disposal by an approximately 2.5 mile
16 long sanitary sewer line.

17 Natural gas for this facility will be delivered
18 by approximately 20 miles of new 24-inch underground
19 pipeline that will connect to PG&E's existing gas
20 transmission lines located 20 miles west of the project
21 site. The San Joaquin Valley Energy Center would include
22 its own new 230,000 kilovolt switch yard. The facility
23 will interconnect PG&E's transmission system at the Helm
24 Substation one quarter mile south of the site.

25 The San Joaquin Valley Energy Center Project is a

1 merchant power plant proposal estimated to have a capital
2 cost of between 400 and \$600 million and an operating life
3 of 30 years or longer. Over a two-year construction
4 period the project would provide for peak of approximately
5 600 construction jobs and an average of 300 construction
6 jobs.

7 The San Joaquin Valley Energy Center will employ
8 approximately 30 skill positions on the payroll throughout
9 the expected 30 to 50-year life of the proposed project.

10 As a merchant power facility all project economic
11 risk are borne by the project's owners the plan to sell
12 electricity on contract certain spot market.

13 Mr. Keith Freidas, a local resident, appeared at
14 our hearings as an active intervenor. He spoke favorably
15 about the project. Likewise, public comment by citizens
16 and governmental agencies in the local area was
17 overwhelmingly in favor of the project.

18 Thank you, Mr. Chairman. Are there any
19 questions?

20 CHAIRPERSON KEESE: Thank you.

21 The Committee has recommended approval of this
22 project?

23 MR. WILLIAMS: Yes, sir, they have.

24 CHAIRPERSON KEESE: Okay. At this time I'll ask,
25 has staff got any objections to this project?

1 MR. KRAMER: No, we have nothing to add.

2 CHAIRPERSON KEESE: Applicant?

3 MR. ARGENTINE: No objection to the project. I
4 certainly -- if we could make some comments, I'd like to
5 be able to do that.

6 CHAIRPERSON KEESE: Is there anybody in the
7 audience who is opposed to this project or wants to
8 testify on it?

9 Why don't you let us take a vote then.

10 CHAIRPERSON KEESE: Nobody on the phone.

11 Could I have a motion?

12 COMMISSIONER GEESMAN: Mr. Chair, I'd move the
13 recommendation.

14 CHAIRPERSON KEESE: Motion, Commission Geesman.

15 COMMISSIONER ROSENFELD: Second.

16 CHAIRPERSON KEESE: Second, Commissioner
17 Rosenfeld.

18 All in favor?

19 (Ayes.)

20 CHAIRPERSON KEESE: Opposed?

21 Thank you. Four to nothing.

22 Happy to hear from you.

23 MR. ARGENTINE: Oh, thank you.

24 I just wanted to knowledge all of the good work
25 for both the project staff for Calpine, which is

1 represented here by Greg Wheatland, our attorney. And
2 then in the background there we have Gary Rubenstein, who
3 handled air quality issues, and John Carrier, who handled
4 environmental issues.

5 And then also, this is a very rigorous process
6 and I know the staff worked very hard to review this
7 project. And so I want to acknowledge both Matt Trask and
8 Paul Kramer and the rest of the Energy Commission staff
9 for doing what I thought was a very -- an excellent job in
10 reviewing this project. And of course I would be remiss
11 if I didn't thank the members of the Presiding Committee,
12 both Commissioner Geesman and Commissioner Rosenfeld.

13 Thank you.

14 CHAIRPERSON KEESE: Thank you.

15 It's nice to see projects that start off labeled
16 reasonably controversial and contentious and they wind up
17 rather peacefully, settled and licensed.

18 Thank you very much.

19 Item 3. And let me mention at this time that
20 Items 3, 4 and 5 are taken up again contingent upon a
21 finding by the Governor's office of exemption of Executive
22 Order No. 4, each of which have been submitted and are
23 currently residing in the Governor's office.

24 Item 3, City of La Habra. Possible approval of
25 the loan to the City La Habra for \$1,080,000 to install a

1 variety of mechanical lighting and control projects in
2 various city facilities. Estimated to save about \$108,000
3 annually.

4 Thank you.

5 MR. MEISTER: Good morning, Commissioners. I'm
6 Bradley Meister.

7 I'm here today to request approval of an Energy
8 Conservation Assistance Account Bond Fund Loan for
9 \$1,080,000 to the City of La Habra. The loan will allow
10 the City of La Habra to install -- can you hear me now?

11 CHAIRPERSON KEESE: Now, we can.

12 MR. MEISTER: The loan will allow the City of La
13 Habra to install a comprehensive package of energy
14 efficiency measures throughout their facilities. The
15 efficiency projects have a simple payback of approximately
16 ten years and the loan is an interest rate of 3.95
17 percent.

18 The item has previously been to Policy Committee
19 and received their support.

20 The staff recommends that the Commission approve
21 the loan to the City of La Habra for \$1,080,000.

22 CHAIRPERSON KEESE: Thank you.

23 COMMISSIONER ROSENFELD: If I could get -- yeah,
24 got the mike turned on.

25 I move.

1 CHAIRPERSON KEESE: Motion, Commissioner
2 Rosenfeld.

3 COMMISSIONER GEESMAN: Second.

4 CHAIRPERSON KEESE: Second, Commissioner Geesman.

5 Any comments?

6 All in favor?

7 (Ayes.)

8 CHAIRPERSON KEESE: Opposed?

9 Adopted four to nothing.

10 Item 4, City of San Diego, possible approval of a
11 \$2,230,000 loan to the City of San Diego to install energy
12 efficient lights, HVAC systems, controls and photovoltaic
13 panels. Project estimated to save about \$223,000 annually
14 on reduced energy costs.

15 MR. VERMA: Good morning. I'm Ram Verma.

16 The staff is requesting approval of a \$2.23
17 million loan to the City of San Diego. The city will
18 install energy efficient lights; solar panels, which are
19 190 low watt; and 120 low watt coal emission system that
20 consists of micro-turbines and absorption chillers; high
21 energy efficiency air-conditioning units; radial frequency
22 drive; skylights; controls; running machine misers and
23 economizers.

24 This will save the city \$223,000 annually.

25 And the simple payback on this loan is ten years,

1 and it will save 1.89 million kilowatt hours per year.

2 Any questions?

3 CHAIRPERSON KEESE: Thank you.

4 I would assume the interest rate is 3.9 percent?

5 MR. VERMA: Three point nine five.

6 CHAIRPERSON KEESE: Can you just tell me, do you
7 have an idea how much of the capital costs is involved in
8 the photovoltaics? Can you guesstimate for me?

9 MR. VERMA: It is around \$7 without a rebate. So
10 with the rebate it will be three point five dollars per
11 watt.

12 CHAIRPERSON KEESE: About how much of the capital
13 cost is devoted to it then?

14 COMMISSIONER ROSENFELD: Of the total 1 million?

15 CHAIRPERSON KEESE: No, the total 2 million --

16 COMMISSIONER ROSENFELD: The 2 million. Sorry.

17 CHAIRPERSON KEESE: Of the total 2,230,000, how
18 much of that capital -- how much of that money do you
19 think is reflected in the PV systems?

20 MR. VERMA: Of that --

21 CHAIRPERSON KEESE: If you have it quickly.

22 Other than that --

23 MR. VERMA: It's around -- it's not much. It's
24 around half million dollars.

25 CHAIRPERSON KEESE: Okay. Thank you.

1 Any other questions?

2 COMMISSIONER ROSENFELD: I move Item 4.

3 CHAIRPERSON KEESE: Motion from Commissioner
4 Rosenfeld.

5 COMMISSIONER BOYD: Second.

6 CHAIRPERSON KEESE: Second, Commissioner Boyd.

7 All in favor?

8 (Ayes.)

9 CHAIRPERSON KEESE: Opposed?

10 Adopted four to nothing.

11 MR. VERMA: Thank you.

12 CHAIRPERSON KEESE: Item 5, City of Arcata,
13 possible approval of a loan to the City of Arcata for
14 \$112,587 to upgrade lighting and HVAC controls and install
15 a photovoltaic system.

16 The project is estimated to save about \$13,664
17 annually.

18 Good morning.

19 MS. SHIRAKH: Good morning. My name is Elizabeth
20 Shirakh.

21 And today for your consideration I have a
22 proposed loan for \$112,587 with the City of Arcata. The
23 city is seeking a loan to install energy efficient
24 lighting, lighting in HVAC controls, and a 10 KW
25 photovoltaic system.

1 Most of these projects were identified in an
2 energy audit completed through the Energy Commission's
3 Energy Partnership Program.

4 Funding for this loan will come from the Energy
5 Conservation and Assistance Account (ECAA) bond funding.
6 Interest rate will be 3.95 percent.

7 And if all three loans today are approved, 4.9
8 million will remain from the original 28 million of bond
9 funding.

10 Commission staff has reviewed the projects and
11 believes they are both technically and economically
12 feasible, meets the loan program requirements, and
13 recommends approval of the loan.

14 The item was considered and approved at the
15 energy -- at the Policy Committee on January 6th.

16 CHAIRPERSON KEESE: Thank you.

17 MS. SHIRAKH: Thank you.

18 CHAIRPERSON KEESE: Any questions?

19 COMMISSIONER ROSENFELD: I move Item 5.

20 CHAIRPERSON KEESE: Motion, Commissioner
21 Rosenfeld.

22 COMMISSIONER GEESMAN: Second.

23 CHAIRPERSON KEESE: Second, Commissioner Geesman.

24 All in favor?

25 (Ayes.)

1 CHAIRPERSON KEESE: Opposed?

2 Adopted four to nothing.

3 Thank you.

4 MS. SHIRAKH: Thank you.

5 CHAIRPERSON KEESE: Minutes. Have a motion for
6 our minutes? We have one editorial amendment to the
7 minutes of insignificance.

8 Do I have a motion to approve?

9 COMMISSIONER GEESMAN: So moved.

10 CHAIRPERSON KEESE: Motion, Commissioner Geesman.

11 COMMISSIONER ROSENFELD: Second.

12 CHAIRPERSON KEESE: Second, Commissioner
13 Rosenfeld.

14 All in favor?

15 (Ayes.)

16 CHAIRPERSON KEESE: Opposed?

17 Adopted four to nothing.

18 Committee and Oversight.

19 Seeing none.

20 Chief Counsel's report.

21 I hope it's a rosy report.

22 (Laughter.)

23 CHIEF COUNSEL CHAMBERLAIN: There's no report
24 today, Mr. Chairman. It's about the best you can get from
25 your attorney.

1 COMMISSIONER BOYD: Mr. Chairman, I saw something
2 in this morning's local paper about a court victory on --

3 COMMISSIONER GEESMAN: -- in the second circuit.

4 CHIEF COUNSEL CHAMBERLAIN: The Commission was
5 not involved in that. The Commission made a determination
6 not to become involved when that case was filed. However,
7 the Attorney General picked it up and decided to represent
8 California in that case.

9 COMMISSIONER BOYD: And what does that mean to us
10 as a state?

11 COMMISSIONER ROSENFELD: Yeah, Go ahead. I'm
12 glowing a little bit.

13 CHIEF COUNSEL CHAMBERLAIN: What it means
14 basically is that the 13 SCER standard that was put in
15 place by the Clinton administration, very closing days of
16 the administration, and was then -- it was like two days
17 before it became effective, the Bush administration
18 decided to try to rescind it and put in its place a 12
19 SCER standard. The court decided that they didn't have
20 the power to do that.

21 However, in the energy bill -- I just sent an
22 E-mail around on this. In the energy bill that didn't
23 pass -- only by two votes in the Senate for closure, and
24 therefore there could have been a filibuster and so they
25 just dropped the bill -- that bill would have rolled this

1 back to an SCER of 12. And that bill will probably be
2 back on the table this year. So I think it's a little
3 early to celebrate.

4 CHAIRPERSON KEESE: Mr. Chamberlain, it reminded
5 me that we had hoped that the -- it was under the Clinton
6 administration would adopt a SCER of 14 or 15? And we --

7 CHIEF COUNSEL CHAMBERLAIN: I don't recall.

8 COMMISSIONER ROSENFELD: No, Bill. I'm pretty
9 sure 13 was as far as we could go.

10 CHAIRPERSON KEESE: Thank you.

11 Okay. Executive Director's report.

12 EXECUTIVE DIRECTOR THERKELSEN: Good morning,
13 Commissioners.

14 First of all, I'd like to say thank you for
15 recognizing Bob Haussler. He's been a pillar around the
16 Commission for the umpteen years he's been here. And I in
17 particular will really miss him.

18 I'd like to ask for a meeting following the
19 business meeting, if I may, either up in the third floor
20 conference room if it's available; and if not, the little
21 conference room at the end of Commissioner Row there. I'd
22 like to give you an update on the budget and where we
23 stand in the Governor's budget proposal; talk to you about
24 the exemptions that are going through the process right
25 now, the different Governor's Executive Orders; and give

1 you an update on where we are on the performance review
2 that the Governor announced in his State of the State.

3 COMMISSIONER ROSENFELD: Bob, my assistant told
4 me that the third floor is full, and we're in the other
5 cubical that you talked about.

6 EXECUTIVE DIRECTOR THERKELSEN: We're prepared
7 for either location. So that will be great.

8 CHAIRPERSON KEESE: Thank you.
9 Anything else?

10 EXECUTIVE DIRECTOR THERKELSEN: That's it.

11 CHAIRPERSON KEESE: A Public Adviser's report.

12 PUBLIC ADVISER KIM: The only item to highlight
13 between now and Wednesday, the next business meeting, is
14 the Geothermal Project Solicitation Workshop. It will be
15 held January 20th, that's next Tuesday, here at the
16 Commission.

17 The only other item, that is, we've now moved the
18 Public Advisor's office. It is situated on the second
19 floor by the cafe. So we have an open-door policy.
20 Anyone is welcome to stop by.

21 CHAIRPERSON KEESE: Thank you.

22 EXECUTIVE DIRECTOR THERKELSEN: Actually I
23 believe we have everybody now who works for the Energy
24 Commission located in the Energy Commission.

25 CHAIRPERSON KEESE: Good.

1 Public comment.

2 Any public comment?

3 Seeing none, this meeting is adjourned subject to
4 our gathering in public meeting in a conference room on
5 the third floor.

6 Thank you.

7 (Thereupon the California Energy Resources
8 Conservation and Development Commission
9 business meeting adjourned at 10:22 a.m.)

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1 CERTIFICATE OF REPORTER

2 I, JAMES F. PETERS, a Certified Shorthand
3 Reporter of the State of California, and Registered
4 Professional Reporter, do hereby certify:

5 That I am a disinterested person herein; that the
6 foregoing California Energy Resources Consercation and
7 Development Commission business meeting was reported in
8 shorthand by me, James F. Peters, a Certified Shorthand
9 Reporter of the State of California, and thereafter
10 transcribed into typewriting.

11 I further certify that I am not of counsel or
12 attorney for any of the parties to said meeting nor in any
13 way interested in the outcome of said meeting.

14 IN WITNESS WHEREOF, I have hereunto set my hand
15 this 21st day of January, 2004.

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22
23 JAMES F. PETERS, CSR, RPR
24 Certified Shorthand Reporter
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